



Director of
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Page Denied

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Contents

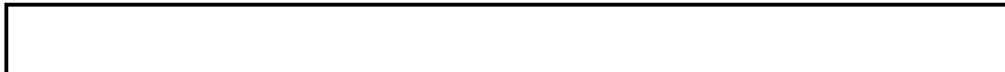
Israel-Lebanon: *Status of Multinational Force* 1



25X6

USSR-India: *Gandhi's Visit* 4

Brazil: *Increasing Financial Problems* 5

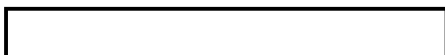


25X1

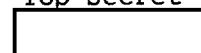
USSR: *Concern Over Religious Activity* 7

Eastern Europe: *Possible Record Grain Harvest* 7

Mexico-Guatemala: *Protest of Border Incidents* 8



Top Secret



25X1
25X1

Top Secret

25X1

ISRAEL-LEBANON: Status of Multinational Force

//The French and Italian contingents of the multinational force that have landed in Beirut apparently will not take up positions throughout the city until the US contingent comes ashore. US Marines are tentatively scheduled to move to the International Airport tomorrow.// [REDACTED]

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//France's 1,050-man contingent is concentrated in the port area around the French Embassy and around the Hippodrome and Museum Crossing. The French are concentrating their efforts on mine-clearing operations but have placed some forces around the Sabra and Shatila refugee camps. The Italian contingent of 1,100 men is near the Galerie Semaan crossing.// [REDACTED]

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Comment: //The Lebanese Government probably will accept a small Israeli presence in the east end of the port and at the airport, provided Israeli forces are inconspicuous. Israeli aircraft will probably be permitted to use the airport for a few hours each day.// [REDACTED]

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//US positions are likely to be west of the Beirut-Khaldah road, which will allow Israeli vehicular traffic from the south to connect with the Beirut-Damascus highway. Once final agreement is reached on dispositions of Israeli troops and the multinational force, the Marines will come ashore.// [REDACTED]

25X1

[REDACTED]

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25X1

25X1

Page Denied

Next 1 Page(s) In Document Denied

Top Secret
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25X1

USSR-INDIA: Gandhi's Visit

The USSR failed to improve relations with India during the visit last week by Prime Minister Gandhi, who refused to endorse controversial Soviet positions. [REDACTED]

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Both sides reaffirmed longstanding ties but were cautious in their public comments on contentious issues. At her Moscow news conference Gandhi called for Soviet troops to withdraw from Afghanistan but also criticized unnamed foreign powers for arming the insurgents. In addition, Gandhi reacted coolly to Moscow's offer to build a nuclear power plant in India, saying any decision would have to await completion of a technical study. [REDACTED]

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The joint declaration issued at the conclusion of Gandhi's visit expressed concern over "hotbeds of tension" in Southwest Asia and called for peaceful political solutions. It also reiterated New Delhi's opposition to foreign military bases in the Indian Ocean and its support for a zone of peace there. [REDACTED]

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Comment: Gandhi did not budge from her increasingly cautious position on relations with the USSR. President Brezhnev probably had no illusions about gaining Gandhi's support for Soviet policy goals in the region and therefore apparently did not go to great lengths to try to disrupt the warming trend in Indian relations with the US and China. [REDACTED]

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//Soviet Defense Minister Ustinov's participation in the talks suggests the USSR might be continuing its efforts to limit India's shift from Soviet to Western arms. While Gandhi was in Moscow, British Defense Secretary Nott was in India discussing military equipment sales.// [REDACTED]

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[REDACTED]

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[REDACTED]

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BRAZIL: Increasing Financial Problems

Brazil's sudden difficulty in obtaining foreign loans is causing growing concern among key officials about a foreign exchange crisis. [REDACTED]

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//Japanese, West European, and US regional banks have virtually ceased lending to Brazil this month. Major US banks are having only limited success in syndicating new loans. [REDACTED]

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//Planning Minister Delfim Netto and Central Bank President Langoni have traveled to the US in an effort to convince bankers to continue lending. [REDACTED]

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Comment: With only a small cushion of liquid reserves, Brasilia's continuing difficulties in obtaining short-term credit could soon result in cash flow problems. Import and debt-servicing requirements are estimated to exceed export earnings by \$1.5 billion per month, and some \$1 billion in short-term loans will have to be renewed. Import cuts are unlikely to close the gap in the short run. [REDACTED]

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//The loan exposure of major US banks limits their ability to extend long-term, large-scale financial support. Bankers have been responsive to Delfim's past appeals because of their desire to avoid precipitating a financial crisis. Nevertheless, he will encounter more difficulty now convincing smaller bankers to restart lending in the wake of Mexican and Argentine financial difficulties, together with renewed deterioration in Brazil's external accounts.// [REDACTED]

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The fact that Brasilia is drawing up contingency plans for debt rescheduling suggests the seriousness of the situation. The government previously has pushed bankers for new loans in these conditions, but such a tactic now could cause more retrenchment in lending. [REDACTED]

25X1

Top Secret
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25X1

Page Denied

Top Secret
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25X1

USSR: Concern Over Religious Activity

An article in the party newspaper of the Belorussian Republic on 18 September accuses Catholic priests in the regions of the USSR that border Poland of carrying out illegal religious activities, and it charges the local authorities have been lax in meting out punishment. The article also notes an increase in public displays of religious sentiment in the region, and it attributes this partly to Western radiobroadcasts aimed at "subverting" Soviet youth. [REDACTED]

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Comment: Although the article makes no direct mention of Poland, its themes are practically identical to those that Soviet media recently directed against the Catholic Church there. It reflects concern that religious sentiments similar to those in Poland may be growing in adjacent regions of the USSR. The charge of laxness by local authorities, and the naming of alleged violators of Soviet law, could presage a crackdown on Church activity. [REDACTED]

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EASTERN EUROPE: Possible Record Grain Harvest

//Grain production in 1982 in Eastern Europe is likely to total about 98 million tons, surpassing the record crop of 96.2 million tons in 1978 and marking a significant increase over the poor harvest last year of 92 million tons. Bumper crops in East Germany, Hungary, and Poland and an above-average harvest in Yugoslavia will offset poorer showings in Romania, Bulgaria, and Czechoslovakia.//

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Comment: //This estimate reflects an increase of about 4 million tons from forecasts in August. The change was prompted in part by preliminary harvest results in East Germany and Romania, which proved somewhat better than anticipated. Other factors included excellent weather throughout the region that minimized seasonal losses for small grains, and ideal growing conditions in the southern countries, where the corn crop accounts for about one-third of East European grain production.//

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[REDACTED]

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[REDACTED]

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MEXICO-GUATEMALA: Protest of Border Incidents

//The Mexican Foreign Ministry has belatedly issued a formal protest to Guatemala over several recent border incidents. Although the Secretary of Defense earlier had tried to play down the situation, Foreign Minister Castaneda has now charged that Guatemalan forces entered Mexican territory in early August and fired on a border demarcation team. He also has claimed two Mexican citizens and a Guatemalan were killed in a later incident. In addition, Castaneda has protested excessive Guatemalan foot-dragging in investigating the death of three Mexicans, including a consular official, in Guatemala last year.//

[REDACTED]

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Comment: The formal protest is an unusual acknowledgment by Mexico of its continuing low-level border problems with Guatemala. It probably was motivated by growing disillusionment with the policies of the Rios Montt administration and the publicity associated with recent incidents. Despite the public warning, however, Mexico is likely to continue ordering its troops to avoid clashes unless the situation poses a direct threat to its internal security.

[REDACTED]

[REDACTED]

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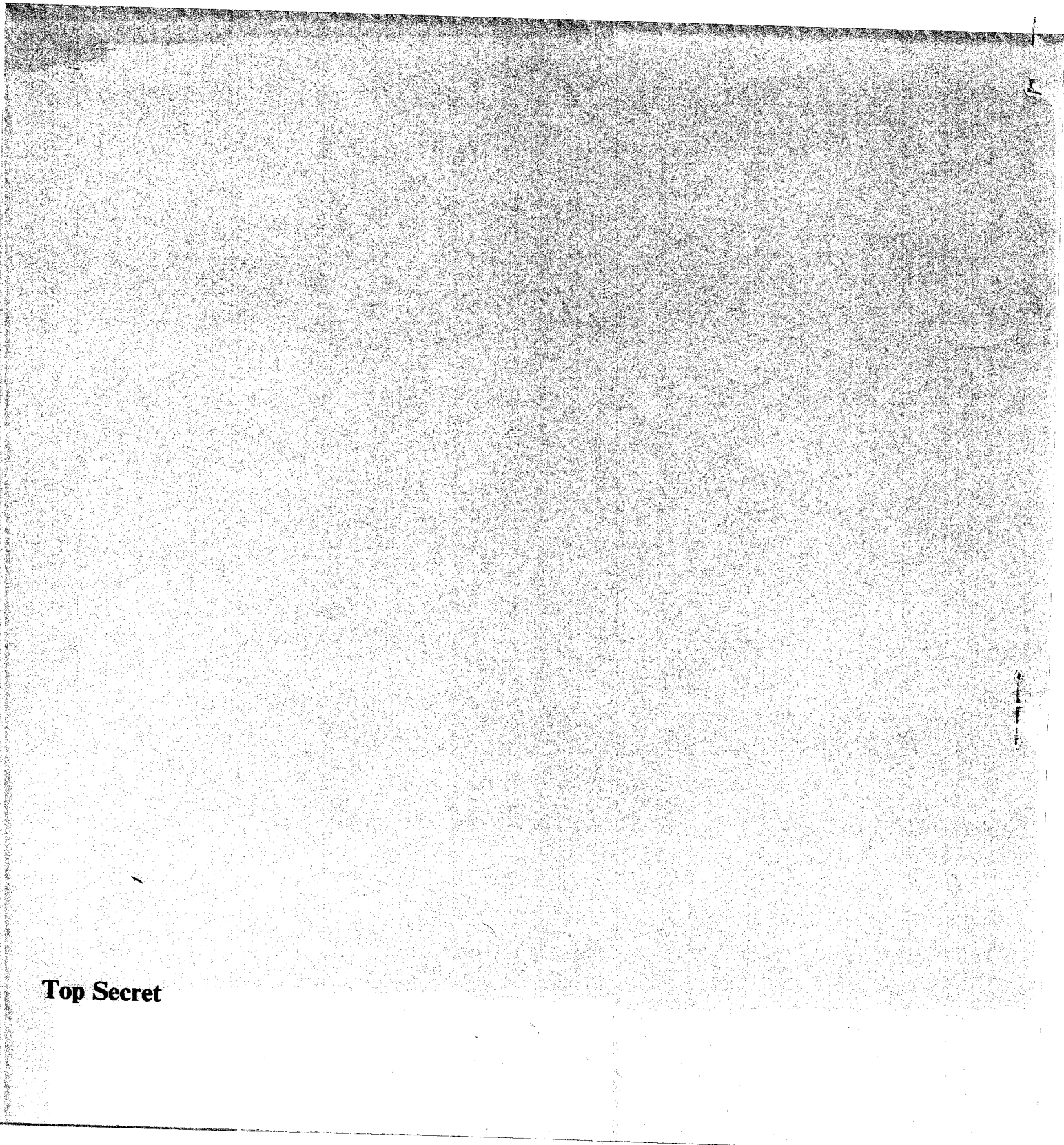
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